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Appropriations Policy Brief

H.R. 3057 – Foreign Operations Appropriations Act for FY 2006 *Conference Report*

BY THE NUMBERS:

In Millions of Dollars

	FY05 Enacted	FY06 Request	FY06 House Bill	FY06 Senate Bill	FY06 Conf Report
Appropriations	19,699	22,830	20,270	31,669	20,937
<i>Emergency</i>	3,775	0	0	0	0
Total	23,474	22,830	20,270	31,669	20,937

Excluding Emergency Appropriations, the Committee Bill is:

- \$1.24 billion (6.3%) **more** than last year
- \$1.89 billion (8.3%) **less** than the request
- \$667 million (3.3%) **more** than the House-passed bill
- \$10.7 billion (33.9%) **less** than the Senate-passed bill*

*The Senate-passed version included a number of accounts that the House funded through the Science, State, Justice, and Commerce bill (H.R. 2862), leading to a larger cost. As a result, any overall comparison with the Senate bill is misleading.

Budget Compliance: According to CBO, the bill is within the 302(b) allocation of the Foreign Operations Appropriations Subcommittee and thus complies with the Budget Act.

Program Terminations:

The House-passed version of H.R. 3057 included three terminations:

- Global Environment Facility (\$80 million restored in conference)
- Operation Enduring Friendship (\$4 million restored in conference)
- U.N. International Democracy Fund (\$8 million restored in conference)

However, the conferees refused to fund the Conflict Response Fund – a new program requested by the President – saving \$100 million.

Items of Note:

International Fund for Ireland: Contains \$13.5 million in economic support for Northern Ireland, \$5 million less than last year and \$5 million more than the request. Northern Ireland's current unemployment is less than the U.S.

Assistance for the Independent States of the Former Soviet Union: Reduces funding for the Independent States of the Former Soviet Union from \$556 million to \$514 million (\$32 million more than requested). The Administration requested the reduction because "Russia is an upper middle income country, running a federal budget surplus and experiencing increasing real disposable income and decreasing inflation" and Armenia and Georgia are eligible for funding by the Millennium Challenge Account.

Global AIDS, Tuberculosis, and Malaria Funding: Includes \$2.8 billion to combat international HIV/AIDS, including \$1.9 billion for the State Department's Global HIV/AIDS Initiative and \$450 million for the U.S. contribution to the Global Fund. The overall funding level exceeds last year's level by \$629 million.

Export-Import Bank: Provides \$138 million, an increase of \$39 million or 40% for the Export-Import Bank. In the past, some conservatives have expressed concern that the Bank subsidizes corporations that export to other countries. For instance, in FY2000, Boeing, General Electric, and United Technologies were among the top beneficiaries of the Bank.

Economic Support Fund: Contains \$2.6 billion for global economic support, including \$240 million for Israel, \$495 million for Egypt, \$250 million for Jordan, \$40 million for Lebanon, and \$20 million for Cyprus.

Russian Assistance to Iran: Withholds 60% of the funds allocated for the Government of the Russian Federation until the President certifies that they terminated any arrangements to provide nuclear assistance to Iran and are providing access to humanitarian relief for Chechen refugees.

Millennium Challenge Accounts: Provides \$1.8 billion for Millennium Challenge Accounts – President Bush's initiative to "restructure" foreign aid to reward (and therefore provide incentives to) those countries exhibiting certain best practices that lead to economic independence. This amount is \$282 million above last year and \$1.2 billion below the request. The bill allows up to \$75 million to be used for administrative expenses.

Foreign Military Financing: Contains \$4.5 billion for foreign military financing, including \$2.3 billion for Israel (an increase of \$78 million) and \$1.3 billion for Egypt (an increase of \$10 million). Such funding levels for Israel and Egypt fully meet the President's request. The bill bars such funding for Sudan and Guatemala.

Magen David Adom and the Red Cross: Retains language that withholds the annual contribution to the International Committee of the Red Cross if the Magen David Adom Society of Israel is denied participation. The Society is being denied participation because it refuses to use the Red Cross emblem instead of the Red Shield of David. According to the House

Committee Report (H. Rept. 109-152): “This limitation will not, and is not intended to, restrict funding for humanitarian assistance programs that may be programmed through the ICRC using other funds provided in this account. It is only intended to affect the funding the United States provides on an annual basis to the ICRC bureaucracy in Geneva.” For more information about the Magen David Adom Society, which performs emergency medical services in Israel, please see: <http://www.magendavidadom.org/aboutus.asp>

Pro-Life Provisions: Maintains all of the pro-life provisions, including: the Kemp-Kasten language that allows the President to take funding away from any group that supports a coercive population control program, the Tiahrt language to require family planning be voluntary, the ban on foreign aid funding for abortion, and the ban on using Peace Corps funds for abortion. In addition, H.R. 3057 does not include the Senate language altering President Bush’s directive against funding groups that perform or promote abortion, known as the Mexico City Policy.

Buy-America Condoms: Maintains language that ensures no funds be used to procure condoms other than those manufactured in the U.S.

UNFPA Funding: Provides \$34 million for the United Nations Population Fund (UNPFA), provided that the UNFPA does not fund abortions and that the U.S. contribution is not spent in China. **Note:** Since FY02, the Bush Administration has determined that “UNFPA’s support of, and involvement in, China’s population-planning activities allows the Chinese government to implement more effectively its program of coercive abortion” (Source: Secretary Powell, July 21, 2002). This determination has triggered the Kemp-Kasten statutory language and thus UNFPA has not received any U.S. taxpayer funds in the past few years, despite the fact that the appropriations committee continues to earmark funds for the organization. Because UNFPA refuses to stop its collusion with the enforcers of China’s brutal one-child policy, it is expected the FY06 funds allocated in this bill would again be frozen. For further background see: <http://johnshadegg.house.gov/RSC/Unfpa.pdf> and <http://johnshadegg.house.gov/RSC/China.pdf>

Funding Commodities in Surplus: Restricts funding for expanding production of any commodity for export by a country other than the U.S., if the commodity is likely to be in surplus on the world market and if such assistance will injure U.S. producers.

Relocation of U.S. Businesses and Workers Rights: Prohibits funds from being used to provide an incentive for U.S. businesses to relocate outside the U.S. if such a relocation will reduce employment in the U.S. In addition, funding is prohibited for any activity that contributes to a violation of internationally recognized worker rights.

Prohibition On Assistance to Governments That Support Terrorism: Prohibits assistance to countries that support international terrorism, including Cuba, Libya, North Korea, Iran and Syria.

Assistance to the PLO: Contains several specific restrictions on providing assistance to the PLO (See Sections 544, 547, 550, and 558).

Palestinian State: Prohibits funding to support a Palestinian State unless certain conditions are met (See Section 555). The President is allowed to waive this prohibition if it is vital to national security.

Debt Relief for the Poorest Countries: Authorizes the reduction of debt owed to the U.S. by the poorest countries, so long as appropriations have been made in advance.

Earmarks:

- **University Programs:** Directs USAID to fund “the list of university proposals in the Senate and House reports” and three additional proposals: (1) the University of AL in partnership with the CDC’s National Birth Defects Center, (2) Historically Black Colleges in MS “to strengthen civil society in Latin America and the Caribbean, and (3) a Consortium of Management Schools to develop faculty in other countries.

For a list of such House earmarks, see pages 24-27 of H. Rept. 109-152.

For a list of such Senate earmarks, see pages 34-37 of S. Rept. 109-096.

In addition, the bill text directs \$5 million of such funding to American educational institutions “for programs and activities in People’s Republic of China relating to the environment, democracy, and the rule of law.”

- \$2.3 million for the **International Fertilizer Development Center**

Funding Summaries:

In Millions

	FY05 Enacted	FY06 Request	FY06 House	FY06 Senate	FY06 Conf	Conf vs. FY05	Conf vs. Request	Conf vs. House
International Security Assistance	7,896	8,448	7,616	8,437	7,904	8	-544	288
Multilateral Assistance	1,663	1,739	1,643	1,731	1,705	42	-34	62
Agency for International Develop.	5,065	5,003	4,991	5,628	5,175	110	172	184
Millennium Challenge Accounts	1,488	3,000	1,750	1,800	1,770	282	-1,230	20
Department of State Programs	3,219	4,161	3,918	13,158	4,044	825	-117	126
Export-Import Bank	99	226	158	164	139	40	-87	-19
Other	269	253	194	751	200	-69	-53	6
Total	19,699	22,830	20,270	31,669	20,937	1,238	-1,893	667